

TAX-EXEMPT FINANCING RIDER (FHA/VA)

THIS TAX-EXEMPT FINANCING RIDER is made this _____ day of _____, _____, and is incorporated into and shall be deemed to amend and supplement the Note ("Note") and the Deed of Trust ("Security Instrument") of the same date given by the undersigned, or its successors and assigns ("Borrower") to secure Borrower's Note to _____ or its successors and assigns ("Lender") of the same date and covering the property described in the Security Instrument and located at: _____.

In addition to the covenants and agreements made in the Note and Security Instrument, Borrower and Lender further covenant and agree to amend the acceleration provisions of the Note and Security Instrument by adding additional grounds for acceleration as follows:

Lender may require immediate payment in full of all sums secured by the Security Instrument if:

(a) All or part of the Property is sold or otherwise transferred by Borrower to a purchaser or other transferee:

(i) who cannot reasonably be expected to occupy the Property as a principal residence within a reasonable time after the sale or transfer, all as provided in Section 143 (c) and (i) (2) of the Internal Revenue Code; or

(ii) who has had a present ownership interest in a principal residence during any part of the three-year period ending on the date of the sale or transfer, all as provided in Section 143 (d) and (i) (2) of the Internal Revenue Code (except that "100 percent" shall be substituted for "95 percent or more" where the latter appears in Section 143 (d) (1)); or

(iii) at an acquisition cost which is greater than 90 percent of the average area purchase price (greater than 110 percent for targeted area residences), all as provided in Section 143 (e) and (i) (2) of the Internal Revenue Code; or

(iv) who has a gross family income in excess of the applicable percentage of applicable median family income as provided in Section 143 (f) and (i) (2) of the Internal Revenue Code; or

(b) Borrower fails to occupy the Property described in the Security Instrument without the prior written consent of Lender described at the beginning of this Tax-Exempt Financing Rider; or

(c) Borrower omits or misrepresents a fact that is material with respect to these provisions of Section 143 of the Internal Revenue Code or with respect to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, in an application for the loan secured by the Security Instrument.

References are to the Internal Revenue Code as amended and in effect on the date of issuance of the bonds, the proceeds of which will be used to finance the purchase of the Security Instrument and are deemed to include the implementing regulations.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions in this Tax-Exempt Financing Rider.

Borrower

(SEAL)

Borrower

(SEAL)

(Add any necessary acknowledgement provisions)